

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)
)
Business Meeting)
)
_____)

CALIFORNIA ENERGY COMMISSION
HEARING ROOM A
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, JULY 13, 2005

10:06 A.M.

Reported by:
Peter Petty
Contract No. 150-04-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

Joseph Desmond, Chairperson

Arthur Rosenfeld

John L. Geesman

James D. Boyd

STAFF PRESENT

B.B. Blevins, Executive Director

Jonathan Blee, Assistant Chief Counsel

Song Her, Acting Secretariat

Mark Pryor

James Reede, Jr.

David Rubens

Norman Bourassa

David Michel

Caryn Holmes

PUBLIC ADVISER

Margret Kim

ALSO PRESENT

Greggory Wheatland, Attorney
Ellison, Schneider and Harris, LLP
representing Calpine Corporation

Ron Hofmann
University of California

I N D E X

	Page
Proceedings	1
Items	1
1 Consent Calendar	1
2 Calpine Gilroy Cogeneration	2
Calpine King City Cogeneration	3
3 Pastoria Energy Facility Expansion Project	5
4 Pastoria Energy Facility Expansion Project Committee Assignment	11
5 City of Reedley	12
6 Energysoft, LLC	15
7 Center for Energy Efficiency and Renewable Technologies (moved to 8/10/05)	1
8 The Regents of the University of California, Office of the President - California Institute for Energy Efficiency (CIEE)	19
9 2005 Integrated Energy Policy Report	23
10 Minutes	25
11 Commission Committee and Oversight	25
12 Chief Counsel's Report	25
13 Executive Director's Report	29
14 Legislative Director's Report	30
15 Public Adviser's Report	30
16 Public Comment	30
Adjournment	30
Certificate of Reporter	31

P R O C E E D I N G S

10:06 a.m.

CHAIRPERSON DESMOND: I'd like to call this meeting to order. Please rise and join me in reciting the Pledge of Allegiance.

(Whereupon the Pledge of Allegiance was recited in unison.)

CHAIRPERSON DESMOND: Thank you for coming here today. First item on today's agenda, item number 1 is the consent calendar. Before we take that up, just several notes of changes. We'll be taking off the consent calendar items b and c, the Calpine Gilroy Cogeneration and Calpine King City Cogeneration, and simply taking those up as separate agenda items. So they'll become agenda item number 2.

And item number 6 will be pulled and moved to the August 10th Commission meeting.

So, with that, item number 1. We have a consent calendar including the Contractors State License Board and the La Paloma Generating Project.

COMMISSIONER ROSENFELD: Before I move the consent calendar, I'd like to toss a small bouquet about interagency collaboration on the

1 Contractors State Licensing Board.

2 This fall will see the new title 24
3 building standards go into effect. That means
4 lots of new tricks for contractors and training of
5 contractors. And the Governor's green buildings
6 initiative will start working. And that means
7 more tuning up of buildings and retrofits.

8 And so the energy efficiency division
9 here is collaborating with the State Licensing
10 Board. No money is exchanging hands, but that
11 doesn't mean that it's not a very important in-
12 kind collaboration. And I just want to praise
13 that activity.

14 And I move the consent calendar.

15 CHAIRPERSON DESMOND: Is there a second?

16 COMMISSIONER BOYD: Second.

17 CHAIRPERSON DESMOND: All those in
18 favor?

19 (Ayes.)

20 CHAIRPERSON DESMOND: Opposed? So
21 moved.

22 Item number 2, the Calpine Gilroy
23 Cogeneration. Consideration and possible approval
24 to modify certification to change the source of
25 power plant cooling water from onsite well water

1 to recycled wastewater. Mr. Pryor.

2 MR. PRYOR: Good morning, Commissioners.
3 My name is Marc Pryor, Compliance Project Manager
4 for this project. As you stated, Mr. Chairman,
5 the request by Calpine Gilroy Cogen project is to
6 change the source of cooling water from onsite
7 well water to recycled wastewater from the
8 adjacent South County Regional Wastewater
9 Authority.

10 All LORS will be complied with. The
11 1769 is met. And no changes have been made
12 pursuant to 1755. And so we believe it's
13 beneficial to the public. I have not received any
14 public comments at all.

15 Do you have any questions?

16 PRESIDING MEMBER GEESMAN: Move the
17 item.

18 COMMISSIONER BOYD: Second.

19 CHAIRPERSON DESMOND: All those in
20 favor?

21 (Ayes.)

22 CHAIRPERSON DESMOND: Opposed? So
23 moved.

24 Second item following that is the
25 Calpine King City Cogeneration. Consideration and

1 possible approval to modify air quality conditions
2 to match new Air District conditions pertaining to
3 air emission monitoring requirements. Mr. Pryor.

4 MR. PRYOR: Thank you. This would be
5 changing the permit to operate, title 5 operating
6 permit for the King City Cogen project. Three
7 parts; averaging times added to permit changing
8 the averaging times. And District agrees with
9 this.

10 Second item being method of monitoring
11 the ammonia slip. This would be consistent with
12 the Bay Area's method.

13 And then the source test reports would
14 be changed from 30 days to 60 days.

15 Again, this complies with 1769, 1750.
16 We have not received any public comments on this,
17 as well.

18 CHAIRPERSON DESMOND: Okay.

19 PRESIDING MEMBER GEESMAN: I'd move the
20 item, Mr. Chairman.

21 COMMISSIONER BOYD: Second.

22 CHAIRPERSON DESMOND: All those in
23 favor?

24 (Ayes.)

25 CHAIRPERSON DESMOND: Opposed? So

1 moved. Thank you, Mr. Pryor.

2 MR. PRYOR: Thank you.

3 CHAIRPERSON DESMOND: Next item on the
4 agenda is the -- and here I'm going to ask for
5 some discussion briefly for clarification.

6 There's been ongoing debate as to whether it's
7 pronounced Pastoria or Pastoria. And we can --

8 (Laughter.)

9 CHAIRPERSON DESMOND: -- never seem to
10 arrive at what the proper answer is. So, I'm
11 going to use Pastoria, but feel free to change
12 when you speak about it.

13 But as I said, next item is the Pastoria
14 Energy Facility Expansion Project. Possible
15 approval of Executive Director's recommendation
16 regarding data adequacy. We've talked about this
17 several times now, so please go ahead.

18 DR. REEDE: Good morning, Chairman
19 Desmond and Commissioners Geesman, Boyd and
20 Rosenfeld. My name is Dr. James Reede, and I'm
21 the Siting Project Manager for the Pastoria Energy
22 Facility Expansion project.

23 The application for certification, 05-
24 AFC-01, was filed on April 29th, and supplemental
25 information was filed on June 13th. Staff

1 completed its data adequacy review of the
2 supplement June 15th. Staff has determined that
3 the AFC contains all the information required by
4 the siting regulations for the 12-month AFC
5 process and is therefore adequate.

6 The applicant also requested an
7 expedited six-month siting process allowed under
8 Public Resources Code 25550. However, after
9 review of the AFC and the supplement, staff
10 determined that the AFC does not meet the data
11 adequacy requirements for the six-month process
12 for transmission systems engineering because the
13 six-month AFC requires that the mitigation
14 measures for all transmission system impacts be
15 provided in the application. These are still
16 missing and not expected for at least 90 days.

17 Therefore, staff recommends that the
18 Energy Commission find the AFC inadequate for the
19 six-month process.

20 In attachment A of your package there
21 was a summary of whether each technical discipline
22 evaluated is adequate or inadequate. Attachment B
23 contains staff's detailed data adequacy worksheets
24 that describe staff's findings for each remaining
25 information requirement for both the six- and 12-

1 month process.

2 We have received comments from other
3 agencies, both the San Joaquin Valley Air
4 Pollution Control District and the USEPA have both
5 indicated that the application is complete for its
6 purposes.

7 Staff intends to work as expeditiously
8 as possible to license this project, and will be
9 issuing data requests and the issues
10 identification report in the near future.

11 CHAIRPERSON DESMOND: Thank you. Are
12 there any questions?

13 PRESIDING MEMBER GEESMAN: I wonder if
14 they could elaborate a bit on the mitigation
15 measures for the transmission system engineering
16 portion?

17 DR. REEDE: I would --

18 PRESIDING MEMBER GEESMAN: Is this a
19 problem of not having yet gotten appropriate
20 studies from the ISO?

21 DR. REEDE: Correct. And the system
22 impact study that was provided by Southern
23 California Edison has not been commented on by the
24 Cal-ISO, so we don't know exactly what mitigation
25 will be required by the Cal-ISO.

1 PRESIDING MEMBER GEESMAN: And this is
2 beyond the point of first interconnection?

3 DR. REEDE: Yes.

4 PRESIDING MEMBER GEESMAN: And after we
5 render a decision on a final certificate, after we
6 adopt a PMPD at the Commission level, what
7 ordinarily happens from that point?

8 DR. REEDE: The applicant would begin
9 paying Southern California Edison to upgrade the
10 transmission facilities, whichever the Cal-ISO
11 says are required for protection of the system.

12 PRESIDING MEMBER GEESMAN: And we don't
13 ordinarily make that a condition of the license,
14 such that we often get that information from the
15 ISO after we issue our decision?

16 DR. REEDE: Well, the problem is that we
17 need to know what the mitigation is prior to the
18 decision because it oftentimes has many biological
19 resources impacts. And if surveys are required of
20 where potentially lines have to be either
21 reconductored or constructed brand-new, that tends
22 to delay the project.

23 PRESIDING MEMBER GEESMAN: And that's a
24 CEQA requirement?

25 DR. REEDE: That is a CEQA requirement.

1 PRESIDING MEMBER GEESMAN: Mr. Chairman,
2 I'd like to hear from the applicant on those
3 questions.

4 MR. WHEATLAND: Good morning, Gregg
5 Wheatland for the applicant. As the Commission
6 knows, there's two types of analysis that will be
7 undertaken. One is the environmental analysis.
8 We are confident that the Commission will have
9 sufficient information during the course of the
10 proceeding to do a full environmental analysis,
11 including any potential impacts downstream from
12 the first point of interconnection.

13 The system impact study has been
14 completed, and we are now in the process of
15 finalizing the contract for Edison to perform
16 the -- or for the utility to perform the facility
17 study. And so that study will be underway very
18 shortly, and be completed early in the
19 Commission's licensing process.

20 So we'll have the environmental
21 information. We'll also have the facility study
22 completed. And that will provide the engineering
23 details for the utility, the applicant and the ISO
24 to work out what needs to be done in terms of any
25 downstream improvements to the transmission system.

1 PRESIDING MEMBER GEESMAN: But isn't it
2 a requirement, Mr. Wheatland, of our six-month
3 process that --

4 MR. WHEATLAND: Oh, it is, and we accept
5 the staff's recommendation that we are not
6 adequate for the purposes of the six-month process
7 on this particular item.

8 PRESIDING MEMBER GEESMAN: Thank you.

9 CHAIRPERSON DESMOND: Other questions or
10 comments? Is there a motion?

11 COMMISSIONER BOYD: I'll move approval
12 of the staff recommendation.

13 PRESIDING MEMBER GEESMAN: Second.

14 CHAIRPERSON DESMOND: All those in
15 favor?

16 (Ayes.)

17 CHAIRPERSON DESMOND: Opposed? So
18 moved. Thank you.

19 Next item is the -- Mr. Wheatland, did I
20 hear, is it Pastoria or Pastoria? Did we resolve
21 that?

22 (Laughter.)

23 PRESIDING MEMBER GEESMAN: He doesn't
24 use the name.

25 MR. WHEATLAND: I use them

1 interchangeably in the same sentence. And
2 sometimes I say PEF just to further confuse the
3 matter.

4 (Laughter.)

5 DR. REEDE: It's actually PEFE.

6 MR. WHEATLAND: That's right.

7 (Laughter.)

8 CHAIRPERSON DESMOND: Very well. Next
9 item then is in keeping with the flexible theme
10 here, Pastoria Energy Facility Expansion project
11 Committee assignment. Possible Committee
12 appointment, in this instance, Energy Facility
13 Expansion project application for certification.

14 I believe I am the assigned Commissioner
15 for this particular application. Mr. Boyd is
16 recommended as the Alternate.

17 PRESIDING MEMBER GEESMAN: I'll move the
18 recommendation.

19 COMMISSIONER BOYD: I'll second it.

20 CHAIRPERSON DESMOND: Okay.

21 (Laughter.)

22 CHAIRPERSON DESMOND: All those in
23 favor?

24 (Ayes.)

25 CHAIRPERSON DESMOND: Opposed? Just

1 kidding.

2 COMMISSIONER BOYD: Usually another
3 Commissioner does it to you.

4 CHAIRPERSON DESMOND: I know. Since
5 we're missing Commissioner Pfannenstiel, all
6 right, so assignment -- thank you.

7 Next item on the agenda is the City of
8 Reedley. Possible approval of a loan to the City
9 of Reedley for \$82,486 to replace incandescent
10 traffic signal lights with pedestrian modules with
11 energy efficiency LED illuminations. And I would
12 note a correction to the agenda which indicates
13 that the project has a simple payback of 5.2
14 years, not the 4.2 years identified on the agenda
15 item.

16 So, Mr. Rubens.

17 MR. RUBENS: Yes, good morning,
18 Commissioners. I'm the Project Manager for this
19 project. I'm requesting loan approval for the
20 City of Reedley for \$82,486. We received a last-
21 minute change. The City has added one
22 intersection. It is still well within our
23 requirements for this loan.

24 The City is going to replace their
25 existing traffic signals, including replacement of

1 inefficient incandescent vehicular as well as
2 pedestrian traffic signal lamps within 13
3 intersections with energy efficiency LEDs.

4 The project also is going to have an
5 installation of battery backups at some
6 intersections.

7 The project will result in the City's
8 energy costs savings of nearly 90 percent, and
9 will save them \$15,785 a year with the estimate
10 revised 5.2 payback.

11 In addition to energy savings, this
12 project will result in increasing public safety
13 and reducing traffic congestion since the battery
14 backup units will allow the traffic signals to
15 operate during normal power outages.

16 The loan has been approved by the Energy
17 Efficiency Committee. If you have any questions,
18 I'll be more than happy to answer them.

19 CHAIRPERSON DESMOND: Questions? I just
20 had a quick question. How prevalent is it to
21 include battery backups in previous applications?
22 Is this --

23 MR. RUBENS: We have done this project
24 before, and this is part of a system that they're
25 going to do. They're going to take their 3200

1 traffic controllers and incorporate the battery
2 backup units in their system. It works very well.

3 And also it saves on maintenance calls,
4 because what happens during a power outage, your
5 3200 control cabinets go to automatic flash. With
6 the battery backup units they don't have -- they
7 will operate continually just as normally as they
8 operate. That means there will not be a service
9 call to come out there during the middle of the
10 night or whenever it is.

11 CHAIRPERSON DESMOND: Okay. Just as a
12 follow-on to that, are there maintenance savings
13 included as part of the estimated, factored into
14 that payback calculation?

15 MR. RUBENS: Yes.

16 CHAIRPERSON DESMOND: There are, okay.
17 No further questions.

18 COMMISSIONER ROSENFELD: I'm guessing
19 that if it weren't for adding this extra feature
20 of the battery backup that the payback time would
21 be even better than five years, right?

22 MR. RUBENS: Correct.

23 COMMISSIONER ROSENFELD: You might
24 almost wonder why it took them so long to get
25 there.

1 Anyway, I'm please to --

2 MR. RUBENS: I think everyone is going
3 with battery backups now.

4 COMMISSIONER ROSENFELD: I'm pleased to
5 move the item.

6 PRESIDING MEMBER GEESMAN: Second.

7 CHAIRPERSON DESMOND: All those in
8 favor?

9 (Ayes.)

10 CHAIRPERSON DESMOND: Opposed? So
11 moved. Thank you.

12 MR. RUBENS: Thank you.

13 CHAIRPERSON DESMOND: Next item on the
14 agenda is for Energysoft. Possible approval of
15 contract 500-05-003 for \$123,788 to review the
16 PIER buildings research portfolio and develop
17 recommendations to incorporate all the relevant
18 research projects into the 2008 title 24 building
19 energy efficiency standards. Go ahead, Mr.
20 Bourassa.

21 MR. BOURASSA: Good morning,
22 Commissioners, Director and attendees. My name's
23 Norman Bourassa; I'm with the Pier buildings
24 program.

25 This approximately 124,000 contract

1 proposes to provide the PIER buildings program
2 with expert consultation on implementing already
3 completed PIER products into the 2008
4 nonresidential building energy efficiency
5 standards.

6 The scope will fund Martin Dodd,
7 Principal of Energysoft, LLC, to employ his unique
8 experience and knowledge obtained through his ten-
9 plus years of training Californians on the
10 nonresidential standards, and his extensive
11 involvement in building standards development.

12 The evaluation will conduct a screening
13 of all relevant PIER buildings research products
14 and develop detailed recommendations towards the
15 goal of having them incorporated in the 2008
16 standards.

17 In addition, the scope of work includes
18 analyzing the current alternative calculation
19 method, otherwise known as ACM, reference test
20 files. The 170 ACM building energy models, these
21 170 building energy models are used as a reference
22 for the California nonresidential standards
23 compliance. And since these files were created in
24 1992 they haven't had any revisions to reflect
25 newer computer modeling practices.

1 The scope of work funds Energysoft to
2 comprehensively review the ACM files and to
3 develop detailed recommendations to bring them to
4 current modeling standards within the 2005
5 standards context.

6 The project is included in the 2005/2006
7 PIER buildings budget. The R&D Committee has
8 approved this project. And I'm here to answer any
9 other questions you may have.

10 CHAIRPERSON DESMOND: Okay. Questions
11 from the Commissioners?

12 COMMISSIONER ROSENFELD: I am happy to
13 move the item.

14 PRESIDING MEMBER GEESMAN: Second.

15 CHAIRPERSON DESMOND: I wanted to ask a
16 question. I know this is a sole source contract
17 and you've laid out what those reasons are. The
18 question had come up, just recognizing we only
19 have one other recently certified and that does
20 not have that same experience. How can we insure
21 that, in fact, these alternative certified
22 contractors get necessary training experience and
23 that they have an opportunity equally to be able
24 to participate in this?

25 MR. BOURASSA: How -- I couldn't answer

1 to that.

2 CHAIRPERSON DESMOND: In other words,
3 what --

4 MR. BOURASSA: Pardon me?

5 CHAIRPERSON DESMOND: I'm sorry, perhaps
6 I can clarify. You talked about that the other
7 provider at this point in time not having the
8 standards training experience. And I guess my
9 question is simply, how do they obtain that
10 necessary training experience so that they could
11 be considered in the future?

12 MR. BOURASSA: They would obtain that
13 training experience by -- my guess would be that
14 they would have a product that's in the market and
15 that a lot of compliance practitioners have been
16 using. And then the market will demand training
17 from them, as opposed to Martin Dodd, who has a
18 very reputable, you know, name recognition in this
19 area. He's been conducting the training for over
20 ten years, close to 15 years now.

21 So I think developing a product that can
22 create market pull is the answer there. Of
23 course, that's my personal opinion.

24 CHAIRPERSON DESMOND: Thank you. No
25 further questions.

1 COMMISSIONER ROSENFELD: I move item 5.

2 PRESIDING MEMBER GEESMAN: Second.

3 CHAIRPERSON DESMOND: All those in
4 favor?

5 (Ayes.)

6 CHAIRPERSON DESMOND: Opposed? So
7 moved. Thank you.

8 MR. BOURASSA: Thank you.

9 CHAIRPERSON DESMOND: Next item is the
10 Regents of the University of California, Office of
11 the President - California Institute for Energy
12 Efficiency. Possible approval of contract 500-01-
13 043, amendment 2, for \$3.5 million to fund
14 additional work under the demand response enabling
15 technology development program and to add a second
16 task. Mr. Michel, go ahead.

17 MR. MICHEL: Good morning, Chairman and
18 Commissioners. I'm here to ask for possible
19 approval of a second amendment to an existing
20 contract in PIER with the California Institute of
21 Energy and Environment, to fund additional work
22 under existing tasks.

23 Demand response enabling technology
24 project, the purpose of this project is to fund --
25 is to solicit, evaluate and fund medium- to long-

1 term R&D that will lead to the development of
2 disruptive technologies that are needed to cost
3 effectively deploy a statewide demand responsive
4 infrastructure.

5 Disruptive technologies are focused on
6 decreasing DR infrastructure component and system
7 cost by a factor of ten, while increasing
8 functionality by a factor of ten.

9 So far we have four tasks that we are
10 currently funding. We hope to fund those four
11 tasks additionally in future work, along with
12 possible other tasks, as well.

13 Do you have any questions,
14 Commissioners?

15 CHAIRPERSON DESMOND: Questions? I just
16 want to ask for clarification, the amendment
17 extension here is for new projects, or are you
18 continuing existing projects?

19 MR. MICHEL: Continuing existing
20 projects, and possibly funding new projects, as
21 well.

22 CHAIRPERSON DESMOND: Okay. And just
23 the next time we're expecting an update on the
24 progress of the first four projects that have been
25 identified.

1 MR. MICHEL: We just recently had a
2 workshop in early June, and I do believe the next
3 one will be sometime in late fall.

4 CHAIRPERSON DESMOND: A workshop?

5 MR. MICHEL: A workshop, yes.

6 CHAIRPERSON DESMOND: Okay. Is there a
7 report that the demand response efforts will be
8 providing, provide a written update of the
9 progress or results?

10 MR. MICHEL: We have monthly status
11 reports that we can provide. And I'll check and
12 see if we have other more comprehensive reports
13 that we can also provide.

14 CHAIRPERSON DESMOND: The reason I'm
15 asking is demand response is obviously a very
16 important element --

17 MR. MICHEL: Absolutely.

18 CHAIRPERSON DESMOND: -- of California's
19 energy policy. And I'm just looking for ways in
20 which we can insure that the results of the
21 research work are making their way out into the
22 marketplace for others to incorporate. So for
23 those who cannot attend the workshop, to the
24 extent that there's some written documentation
25 that would allow them to incorporate some of those

1 results into other business activities, that's --

2 MR. MICHEL: This project does have a
3 website where a lot of these reports or
4 presentations are presented. So, I will try to
5 help provide that information. Ron, do you happen
6 to know the URL for that?

7 MR. HOFMANN: Yes, I know the URL. It's
8 ucop -- wait a minute -- ciee.ucop.edu/dretd/.

9 CHAIRPERSON DESMOND: Good memory; thank
10 you, Mr. Hofmann.

11 MR. MICHEL: Thank you. I couldn't
12 remember it.

13 CHAIRPERSON DESMOND: I have no further
14 questions.

15 COMMISSIONER ROSENFELD: Mr. Chairman,
16 in answer to your question about collaboration,
17 I'm here to say it's very good. We are having a
18 meeting in Irwindale on Friday about what we now
19 call PCTs, programmable communicating thermostats.
20 That's being sponsored by PIER because we need to
21 get cost effectiveness information for the new
22 building standards.

23 And Ron Hofmann, who just displayed his
24 memory abilities on websites, is helping to
25 organize that. So I think the organization, the

1 cross-fertilization really couldn't be better.

2 CHAIRPERSON DESMOND: Excellent.

3 COMMISSIONER ROSENFELD: And I'd like to
4 move item 7.

5 PRESIDING MEMBER GEESMAN: Second.

6 CHAIRPERSON DESMOND: Okay, all those in
7 favor?

8 (Ayes.)

9 CHAIRPERSON DESMOND: Opposed? So
10 moved. Thank you.

11 MR. MICHEL: Thank you.

12 CHAIRPERSON DESMOND: Next item on the
13 agenda is 2005 Integrated Energy Policy Report.
14 Consideration of appeals filed by Southern
15 California Edison, PG&E, San Diego Gas and
16 Electric of the Energy Commission's Executive
17 Director's notice of intent to release aggregated
18 data.

19 Go ahead, Ms. Holmes.

20 MS. HOLMES: Thank you. Good morning,
21 Commissioners. I'm here representing the staff
22 and the three investor-owned utilities, whose
23 appeals are the subject of this agenda item.

24 Earlier this week the IOUs contacted the
25 staff and expressed their interest in having an

1 opportunity to file rebuttal testimony. This
2 rebuttal would be to testimony that was filed in
3 this proceeding last Friday.

4 After several discussions between the
5 staff and the IOUs we all reached an agreement
6 that would postpone the hearing on these appeals
7 until August 24th, and would have a filing date
8 for rebuttal testimony of August 12.

9 PG&E specifically indicated that it
10 might be requesting an extension of that date.
11 And I would note that staff would likely oppose
12 such an extension, given that under this schedule
13 there's more than four weeks to prepare the
14 rebuttal testimony.

15 Having said that, I'd like to formally
16 request that the Commission put this item over
17 until August 24th. And that the Chairman issue a
18 written notice directing parties to file rebuttal
19 testimony on August 12th.

20 CHAIRPERSON DESMOND: Okay. Any
21 discussion from the other Commissioners? I'll
22 agree with staff's recommendation and issue that.
23 And we'll look forward to having that information
24 filed, and then prepare for the 24th of August.

25 MS. HOLMES: Thank you very much.

1 CHAIRPERSON DESMOND: Thank you.

2 Next item on the agenda is approval of
3 the minutes of the June 22nd business meeting.

4 COMMISSIONER ROSENFELD: I move the
5 minutes.

6 COMMISSIONER BOYD: Second.

7 CHAIRPERSON DESMOND: All those in
8 favor?

9 (Ayes.)

10 CHAIRPERSON DESMOND: So moved.

11 PRESIDING MEMBER GEESMAN: I'd like to
12 abstain. I wasn't here at that meeting.

13 CHAIRPERSON DESMOND: Thank you. So
14 noted.

15 Next item on the agenda, Commission
16 Committee and Oversight. Any matters? I don't
17 think we have any matters on this agenda item.

18 And so I will move then to the Chief
19 Counsel's report.

20 ASSISTANT CHIEF COUNSEL BLEES: Nothing
21 today, Mr. Chairman.

22 CHAIRPERSON DESMOND: Nothing today.

23 PRESIDING MEMBER GEESMAN: Mr. Chairman.

24 CHAIRPERSON DESMOND: Yes, go ahead.

25 PRESIDING MEMBER GEESMAN: I wonder if I

1 could request the Chief Counsel do some research
2 for us. We got into a discussion at yesterday's
3 Integrated Energy Policy Report on global climate
4 change about the ability of the state to impose
5 certain preferences or requirements on
6 procurement. Most notably related to coal-
7 generated electricity from inside or outside the
8 state. But as we know, there's not much use of
9 coal inside the state.

10 And the question that I think that we
11 need to get some legal advice on, and I think it
12 should be done in a public fashion, is whether
13 consistent with the interstate commerce clause of
14 the Constitution or the Federal Power Act,
15 California could impose an environmental standard
16 on electricity procured by our investor-owned
17 utilities.

18 There had been discussion, as I think
19 has been fairly widely reported in the trade
20 press, about specifying a standard that would be
21 the equivalent either of a gas-fired combined-
22 cycle plant in terms of greenhouse gas emissions,
23 or specifying a technology such as integrated gas-
24 fired or IGGC with or without carbon sequestration
25 as a prospective standard for coal-generated

1 electricity.

2 And I think the question that came up in
3 an exchange that I got into with I believe his
4 name's Roger Peterson, the General Counsel of
5 PG&E, was what the legal parameters around the
6 state's policy discretion actually were.

7 Mr. Peterson wasn't prepared to address
8 the question yesterday. And I think that it would
9 be helpful if our General Counsel provided us with
10 some written guidance on that, that other
11 stakeholders would have an opportunity to comment
12 on.

13 CHAIRPERSON DESMOND: I appreciate,
14 Commissioner Geesman, your raising this issue,
15 since it has come up in other conversations
16 outside the IEPR hearings, where similar questions
17 have been posed.

18 And I think what I'm hearing you ask is,
19 you know, could California impose restrictions on
20 procurement. I would ask that the Counsel also
21 consider under what conditions it could
22 effectively have a policy that would essentially
23 have the same effect that would allow for
24 compliance with that.

25 So, similar issues, I think, were

1 originally raised in the renewable portfolio
2 standards, and whether they expressed a preference
3 or it was done in a nondiscriminatory manner.

4 So I think having that information would
5 help foster that discussion. So I would ask that
6 the Counsel prepare that information. I would
7 also ask how much time do you think you need first
8 before you could have something before us?

9 ASSISTANT CHIEF COUNSEL BLEES: We will
10 certainly do that. And we'll work with your
11 offices to precisely frame the issues and the
12 different alternatives in which such requirements
13 might be stated.

14 It sounds like the kind of matter that
15 would take several weeks as opposed to just a few
16 days, or several months.

17 PRESIDING MEMBER GEESMAN: I think
18 that's right. And I would suggest that we target
19 our August 10th business meeting to receive such
20 advice. And ask, if possible, that it be made
21 available with the agenda packet so that other
22 parties have a chance to see it before our
23 business meeting. And if they would care to
24 respond, we extend some opportunity in the future
25 for them to respond, as well.

1 CHAIRPERSON DESMOND: Okay.

2 ASSISTANT CHIEF COUNSEL BLEES: All
3 right.

4 CHAIRPERSON DESMOND: I'd like to thank
5 Commissioner Geesman for that suggestion.

6 Moving on, the Executive Director's
7 report.

8 EXECUTIVE DIRECTOR BLEVINS: Mr.
9 Chairman, Commissioners. It all seems strangely
10 familiar.

11 I only have one item today. I wanted to
12 take this moment, this has been occurring
13 informally, and I just wanted to take this moment,
14 on behalf of staff to officially thank Scott
15 Matthews for his service over the past several
16 months. Doing one of these jobs is tough enough;
17 doing two of them at the same time is special.

18 So, with that, I wanted to get it on the
19 record that the staff is appreciative of the work
20 that Scott has done to keep the machine running.

21 Thank you.

22 CHAIRPERSON DESMOND: Thank you. And I
23 would also note our appreciation here, as well,
24 for the fine job that Mr. Matthews did handling
25 and juggling both those responsibilities.

1 Legislative Director's report.

2 Public Adviser? Ms. Kim.

3 PUBLIC ADVISER KIM: I have nothing to
4 report.

5 CHAIRPERSON DESMOND: Nothing to add,
6 okay.

7 Is there any public comment here today?

8 Anyone on the phones or no blue cards? Okay.

9 In that case, the meeting is adjourned.

10 Thank you.

11 Whereupon, at 10:37 a.m., the business
12 meeting was adjourned.)

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CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter,
do hereby certify that I am a disinterested person
herein; that I recorded the foregoing California
Energy Commission Business Meeting; that it was
thereafter transcribed into typewriting.

I further certify that I am not of
counsel or attorney for any of the parties to said
meeting, nor in any way interested in outcome of
said meeting.

IN WITNESS WHEREOF, I have hereunto set
my hand this 21st day of July, 2005.

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